Enerplus Resources Fund

1997

ANNUAL
REPORT

Corporate Profile

Enerplus Resources Corporation (the "Company") was created in 1985 to acquire oil and gas properties and to grant royalties on those properties to Enerplus Resources Fund ("Enerplus" or the "Fund"). The Fund is an investment trust designed to provide consistent levels of cash income to investors seeking exposure to the oil and gas industry. It offers the benefits of owning producing properties without the exploration risks associated with owning oil and gas common shares.

With oil and gas common share investments, earnings are retained primarily for reinvestment. With Enerplus, however, all net cash flow generated from properties is paid to the Fund's Unitholders after any withholding for debt repayment related to capital expenditure funding.

The Company holds interests in oil and gas producing properties in western Canada, which yielded 6,608 BOE per day in 1997. Enerplus is committed to maximizing Unitholders' interests and ensuring long-term, steady cash flow through its strategy of replacing depleting reserves on an ongoing basis. The development and operation of properties in a prudent, cost-conscious manner while ensuring the safety of employees, the public and the environment, is a fundamental strategy of the Company.

Contents

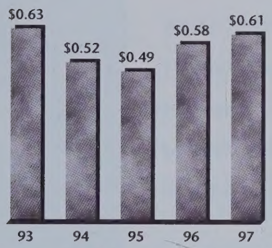
Annual General and Special Meeting

The Annual General and Special Meeting of the Unitholders of Enerplus Resources Fund will be held at 11:00 a.m. on Thursday, April 30, 1998 at Western Canadian Place, 700 - 9th Avenue S.W., Plus 30 Level, Conference Room A, Calgary, Alberta. Unitholders are encouraged to attend, and those unable to do so should complete the Form of Proxy and forward it at their earliest convenience.

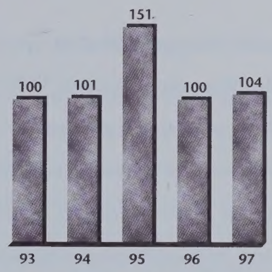
Annual Information Form

A copy of the Annual Information Form is available upon request by writing to Investor Relations, Suite 1900, 700 - 9th Avenue S.W., Calgary, Alberta T2P 3V4 or by calling 1-800-319-6462.

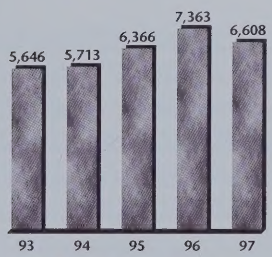
Highlights



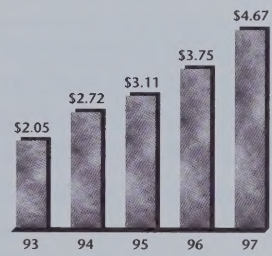
Cash Available for Distribution ($/Unit)



Reserves Replacement (%)

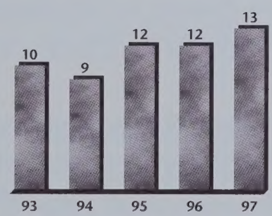


Daily Production (BOE/d)



Net Cost of Reserve Additions ($/BOE)

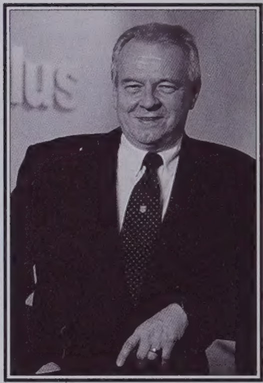
Funds Flow from Operations ($ millions)



Reserve Life Index (Proven & Probable - years)

- Replaced 157% of production at a cost of $4.67 per BOE.
- Exceeded our cash available for distribution target of $0.58 per Unit by 5%, paying $0.61 per Unit.
- Increased the proven and probable reserve life index to 13 years.
- Increased natural gas reserves by 19% to 121.8 Bcf.
- 60% of the 1997 cash available for distribution remained fully tax-deferred.
- Acquired $21.2 million of producing properties in the fourth quarter contributing to an anticipated increase in production to 6,900 BOE/d in 1998.

Message to Unitholders



I am pleased to report that in spite of the very challenging environment faced by Enerplus Resources Fund in 1997, the Fund continued to grow at a satisfactory rate and all of our objectives for the year were met or exceeded. Enerplus Resources Fund exceeded its cash distribution forecast by 5%, replaced 157% of production at a very low cost of $4.67 per barrel of oil equivalent and reduced general and administrative expenses appreciably.

1997 Highlights

- Cash distributions for the year increased by 5% to $0.61 per Unit as compared to $0.58 per Unit distributed in 1996. This level of distribution was reached despite the decline in oil prices in the latter part of 1997.
- Taking advantage of the buoyant market, Enerplus disposed of $13 million of non-core assets during the first nine months of 1997 for considerations significantly above our book values. As a result of these dispositions, the Fund was therefore able to purchase $21.2 million in properties at more reasonable prices.
- Based on the December 31, 1996 closing price of $5.35 per Unit, the pre-tax yield from 1997 cash distributions was 11%.
- Since its formation in 1986, Enerplus Resources Fund's primary objective has been to replace production every year and prove that the fund is not depletive. In 1997, the Fund successfully replaced 157% of its production, net of divestments. This was a significant achievement considering the aggressiveness of the property market. Throughout the year, the price of properties rose steadily due to unprecedented pressure brought on by fierce competition from all types of purchasers including: a record number of trust and income funds, large and medium-sized corporations and many foreign entities attracted to Canada in part because of the weakness of the Canadian dollar.
- Mergers and acquisitions in the oil and gas industry during 1997 reached an all-time record level of approximately $15 billion. In addition, the industry stepped up its exploration and development activities to near record levels. The cost of reserve additions for the industry as a whole averaged slightly less than $8.00 per BOE, including a large component of low netback, heavy oil reserves. Enerplus Resources Fund continued to outperform the industry in this respect with a reserve replacement cost of only $4.67 per BOE. Furthermore, the reserves added by the Fund were concentrated in natural gas and included virtually no heavy oil.
- Total proven and probable reserves increased by 5% in 1997 with the natural gas component increasing by 19% to approximately 122 billion cubic feet. At year end, natural gas reserves represented 40% of total reserves, up from 32% at the end of 1996.
- Administrative and management expenses were further reduced in 1997. Combined general and administrative costs and management fees totalled $3.8 million for the year, down approximately 15% from $4.5 million in 1996.
- In 1997, your Management and Board of Directors continued to focus on environment and safety issues in an effort to maintain our leadership in this area. I am pleased to report that Enerplus' internal safety and environmental procedures exceed industry standards and allow the Fund to meet all provincial and federal requirements.

1998 Outlook

Canadian oil and gas producers are facing a difficult and uncertain financial environment in 1998. A sharp decline in oil prices, widening differentials between light and heavy crude oil and the prospect of a stronger Canadian dollar vis-à-vis the US dollar will result in a drastic reduction of revenues, cash flows and netbacks. The relative strength of natural gas prices will only partially offset the impact on most producers.

Commodity Pricing

Oil prices declined gradually throughout the second half of 1997 due to several worldwide factors including the Asian economic meltdown, the continuing Iraq crisis and the increase in supply from all sources while demand has remained stagnant with further signs of receding in the near future. This downward trend has accelerated in the early months of 1998 with the price of a barrel of West Texas Intermediate ("WTI") crude falling below US $14.50 in early March of 1998. This is not a new problem for oil producers, as the price of oil has declined to comparable levels in 1993 and had been substantially lower in 1986. It is impossible to project how long this new "down" cycle will last, but we remain confident that prices will stabilize in the near term to levels that will allow satisfactory operating margins.

Natural gas prices have been particularly strong to date in 1998 due in part to the additional pipeline capacity becoming available in November of this year. The demand for natural gas is projected to grow at a reasonable rate in the next three or four years and therefore, prices should remain strong for the near future. However, there is a possibility that a long period of very low oil prices could result in some inter-fuel competition affecting natural gas prices.

Industry Impact

Stock markets in North America have continued to set new records again in 1998. Most industry groups have performed well with the exception of commodity stocks including oil and gas producers and income/trust funds. The income and trust fund sector of the industry more than doubled in size in 1997 to about $15 billion. The aggressive marketing of these new trusts, along with lower distribution expectations due to the drop in oil prices, has had a negative impact on our units. However, we are confident that cash distributions will remain at levels which will provide an excellent yield and that the 1998 distributions will approach our objective of $0.53 per Unit. We continue to view Enerplus Resources Fund units as a medium-to-long term investment which provides a high, monthly cash yield. The Fund is strong financially with a low level of debt and with oil prices depressed, there will be opportunities to acquire additional assets at more realistic prices than in the past year. The trend towards rationalization and consolidation within the producers sector is expected to accelerate in the second half of 1998, offering Enerplus the opportunity to make corporate acquisitions. Likewise, the number of income and trust funds will likely be reduced significantly through mergers and acquisitions with the most experienced funds, like Enerplus, absorbing more recent entities.

I would like to congratulate Mr. Dennis Gieck on his appointment to Chief Operating Officer. His skills and motivation have made a meaningful contribution to the growth and success of Enerplus. In closing, I want to thank our employees and directors for their contribution and dedication during the year.

Marcel J. Tremblay
President and Chief Executive Officer
Calgary, March 11, 1998

1998 Outlook

Objectives

Enerplus strengthened its asset base in 1997 and is now poised to expand and solidify this base through strategic acquisitions and improved cost efficiencies. This will be achieved by focusing on the following corporate strategies:

- Development activity will be concentrated on light oil and natural gas producing properties. Enerplus has plans to drill up to 76 gross wells (17 net wells) on its operated and non-operated properties.
- Enerplus has identified numerous opportunities to increase production volumes through the exploitation of both newly acquired and existing reserves where production infrastructures exist. A production target of 6,900 BOE per day has been set for 1998.
- Enerplus strives to maximize upside potential while minimizing risks to our Unitholders. Therefore, high risk exploration prospects are exploited through farmout arrangements with industry partners at no cost to the Fund. The Fund's reserve base of 32.7 million BOE will be maintained or increased through low cost development projects and acquisitions at prices below industry finding costs.
- The reduction of operating costs continues to be a priority. This will be achieved through the rationalization of landholdings, the maximization of production and the regular review of costs. The 1998 target is to reduce operating costs to approximately $6.10 per BOE.

Capital Expenditure Program

As a result of last year's capital program, 3.8 million BOE of reserves were added at a net cost of $4.67 per BOE.

In 1998, Enerplus will continue its program to develop projects which are expected to maintain reserves and increase returns to the Unitholders. It is anticipated that $9.5 million of capital will be spent in 1998 primarily on development drilling, the installation of compression facilities and gathering systems, well workovers and well completions.

As with last year, almost 93% of the capital budget will be dedicated to direct growth projects, emphasizing Enerplus' commitment to develop existing assets. Of these projects, 80% are Company operated.

New acquisition guidelines were approved by the Unitholders in December, 1997. These guidelines will ensure that the Fund has the ability to remain competitive in the industry while making acquisitions which are in the best interest of Enerplus and which improve Unitholder value.

Cash Distribution Objective

Our 1998 objective for cash available for distribution is \$0.53 per Unit, based on operations as at December 31, 1997. This objective does not include any revenues that may result from the 1998 capital program.

As in the past, Enerplus remains committed to providing Unitholders with superior investment returns through the pursuit of growth opportunities and the management of low cost operations.

Factors Influencing Cash Available for Distribution

The 1998 cash available for distribution target of \$0.53 per Unit is based on the following factors:

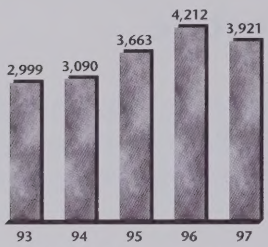
	Daily Production	Prices
Crude oil and NGLs	3,960 bbl/d	WTI US\$19.00/bbl
Natural gas	29,400 Mcf/d	\$1.95/Mcf
Total BOE	6,900 BOE/d	
\$US/\$Cdn exchange rate		\$0.70

Sensitivities for Cash Available for Distribution

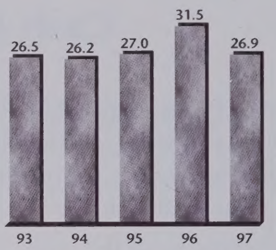
Factor	Variance	Impact
Crude oil and NGLs price	±US\$1.00/bbl	±4.5¢/Unit
Natural gas price	±\$0.10/Mcf	±2.5¢/Unit
\$Cdn/\$US exchange rate	±US\$0.01	±1.2¢/Unit

Some assumptions used at the time the objective was prepared, although considered reasonable by Enerplus, may prove to be incorrect. Investors are cautioned that the objective is based on assumptions and there is a significant risk that actual results will vary, perhaps materially, from the objective presented.

Operations Review



Oil & NGLs Production
(bbl/d)



Natural Gas Production
(MMcf/d)

Acquisitions and Divestments

Enerplus acquired 4.3 million BOEs during 1997, of which 77% were comprised of producing natural gas properties and 23% of producing oil properties. These acquisitions occurred mainly in the last quarter of the year, taking advantage of the softening property market. As a result of these acquisitions, production is anticipated to increase by 4% in 1998 to approximately 6,900 BOE/d. Production of natural gas is expected to increase by 9% in 1998 to 29,400 Mcf/d.

During 1997, Enerplus actively pursued and was successful in divesting of a number of non-core, high cost, low reserve life properties. The buoyant property market in the first half of 1997 presented a good opportunity to divest of these types of properties at premium prices. A total of 867 BOE/d was divested, resulting in an average daily production level of 6,608 BOE/d, down 10% from 1996.

Net Cost of Reserve Additions

	Cost ($millions)	Reserves Added (MBOE)	Cost ($/BOE)
Acquisitions and property exchanges	$ 21.2	4,303	$ 4.94
Divestments	(13.3)	(2,857)	4.67
Development expenditures	9.8	1,770	5.54
Revisions	-	576	-
Total	$ 17.7	3,792	$ 4.67

Development and Drilling Activities

Development expenditures during 1997 totalled $9.8 million adding 1.8 million BOE at an average cost of $5.54 per BOE.

Enerplus participated in the drilling of 103 gross development wells in 1997, an increase of 220% over the 47 gross wells drilled in 1996.

A majority of the development drilling activity took place at Gleneath, Chauvin, Hayter, Butte and Jenner.

Production increases due to well workovers were achieved at Medicine River, Chauvin, Lousana and Campbell. Additional increases also resulted from facility enhancements at Chauvin, Jayar and Grimshaw.

Enerplus' development plans for 1998 will result in the drilling of up to 76 gross wells or 17 net wells.

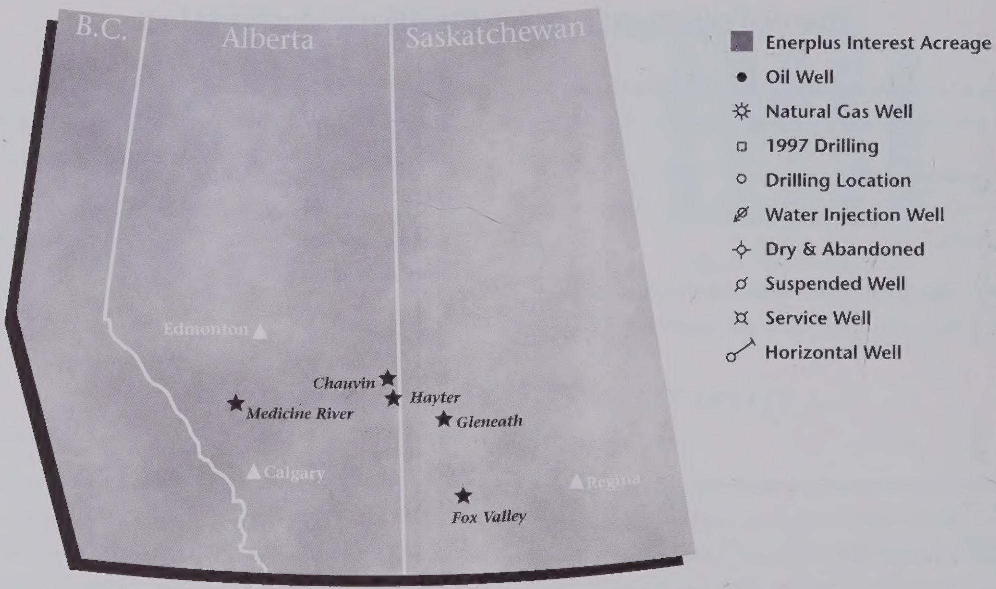
	1997		1998 Planned	
	Gross	Net	Gross	Net
Vertical	67	11.6	64	16.3
Horizontal	36	1.5	12	0.4
Total	103	13.1	76	16.7

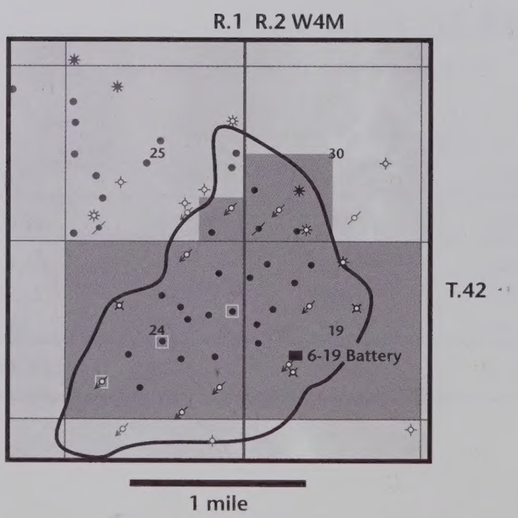
1997 Well Interests and Lease Holdings

Enerplus' well count increased by 8% in 1997 due to acquisitions. Through the divestment of low working interest properties, Enerplus decreased its average lease holdings while maintaining its net lease holdings.

	Wells		Acres	
	Gross	Net	Gross	Net
Total 1996	4,544	431	882,289	156,048
Alberta	3,486	515	652,220	128,925
Saskatchewan	1,381	150	89,240	22,900
British Columbia	43	4	19,175	1,723
Total 1997	**4,910**	**669**	**760,635**	**153,548**

Major Activities



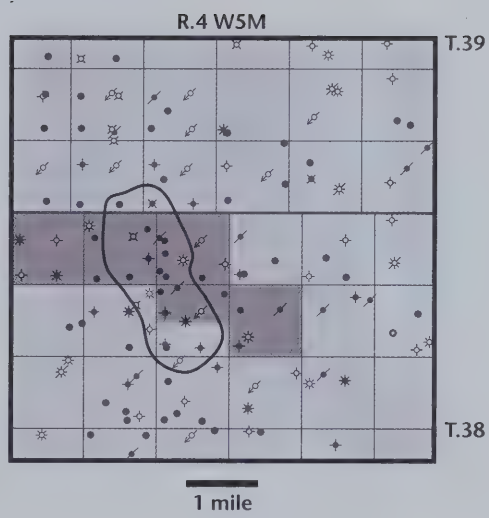


Chauvin, Alberta

- Enerplus operated property with a 95% working interest;
- Three Sparky infill wells successfully drilled in 1997, adding 100 bbls/d of oil production;
- Waterflood successfully expanded to enhance recoverable oil;
- Up to four additional infill wells may be drilled in 1998;
- Current oil production is 600 bbls/d net to the Fund.

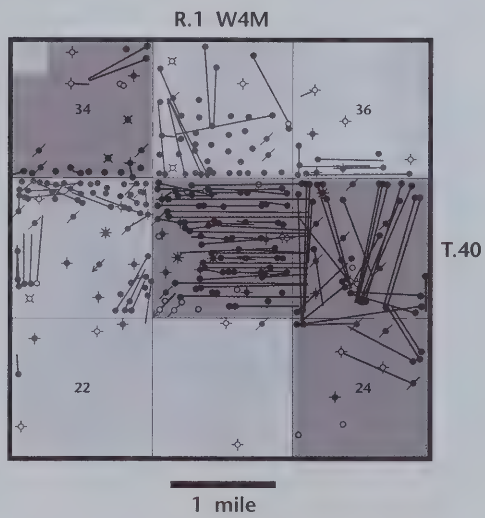
Medicine River, Alberta

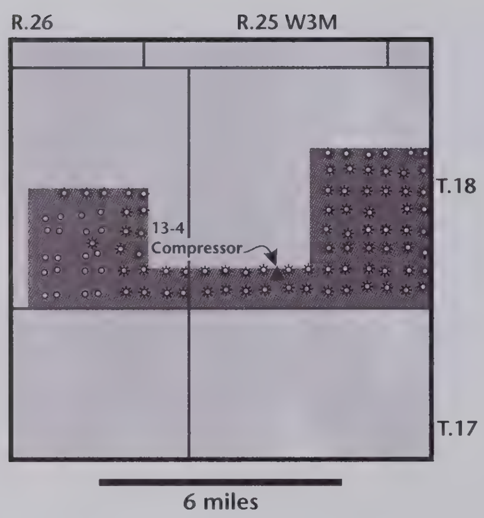
- Enerplus operated property with a 70% average working interest;
- One oil well was successfully fracture stimulated in 1997, resulting in an increase of 40 bbls/d net to the Fund;
- Two additional infill wells will be drilled in 1998;
- Two additional wells will be fracture stimulated in 1998;
- A gathering system will be installed in the first quarter of 1998;
- Current oil production is 165 bbls/d net to the Fund.



Hayter, Alberta

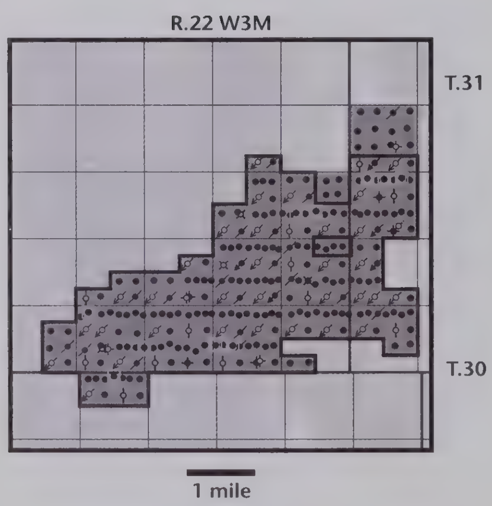
- Non-operated property with a 2.7% working interest;
- 28 horizontal oil wells were drilled in 1997 in the Dina formation;
- Added incremental production of 160 bbls/d net to the Fund;
- Current oil production approximates 270 bbls/d net to Enerplus;
- Additional horizontal drilling is planned in 1998.





Fox Valley, Saskatchewan

- Enerplus operated, shallow gas property with a 41.8% working interest acquired in the fourth quarter of 1997;
- Compression facility capable of handling 5 MMcf/d of natural gas;
- Enerplus will drill up to 20 infill gas wells in 1998;
- Production to be optimized from the existing wells throughout 1998;
- Current gas production is 2.8 MMcf/d gross or 1.2 MMcf/d net to the Fund.



Gleneath, Saskatchewan

- Enerplus has a 15.4% working interest and is operator of the Gleneath Viking Unit No. 1;
- Ten infill wells were successfully drilled in 1997, increasing oil production by 260 bbls/d gross or 40 bbls/d net to the Fund;
- Six wells were converted to injection to enhance the oil recovery;
- Seven additional infill wells may be drilled in 1998;
- Current oil production is 1,070 bbls/d gross or 165 bbls/d net to the Fund.

Marketing Arrangements

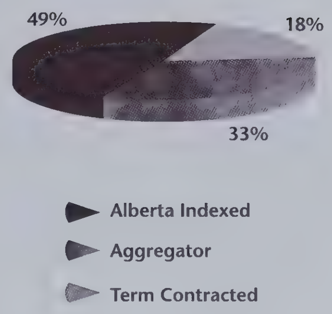
Natural Gas

The NYMEX "Henry Hub" annual average price for natural gas in 1997 was US$2.61/MMbtu, just slightly above the record set in 1996. This historically high price is evidence of the strength in demand for natural gas in the industrial sectors and increased use of natural gas for electricity generation. As well, there is a view that there is no longer a significant supply surplus in North America to meet the continuing demand growth.

Natural gas in Alberta was still unable to fully access the strong American markets in 1997 due to a lack of export pipeline capacity. However, despite the milder weather of El Niño depressing prices in the latter few months of the year, strong summer demand and pricing served to support an average Alberta field spot price of approximately $1.75/Mcf. With the Northern Border Pipeline Expansion/Extension and the TCPL capacity increase, additional export capability will be in place by the end of 1998. The expectation of the incremental demand for Alberta natural gas to fill this capacity should strengthen domestic pricing for the coming year.

Enerplus' natural gas production is marketed through a diverse portfolio of contractual arrangements that captures both the strong U.S. pricing as well as the recent upswing of Alberta prices. Just over one third of the Fund's gas was sold to the major aggregators; TransCanada Pipelines, PanAlberta Gas, and Progas. Because of their ability to move natural gas to the U.S., the Fund saw substantial increases over last year's netback prices received from these marketers. The remainder of the Fund's natural gas was marketed in Alberta under a variety of arrangements including some at fixed prices for differing periods of time.

Overall, Enerplus received a weighted average price of $1.90/Mcf for its production in the field. This marks an increase of 21% over the 1996 average price of $1.57/Mcf. The Fund remains optimistic about the future of natural gas and has positioned itself to benefit from the coming changes to both the domestic marketplace as well as the positive North American outlook.



Crude Oil and NGLs

Trading of West Texas Intermediate crude oil on the New York Mercantile Exchange during 1997 was marked by greatly increased volatility. WTI prices ranged from US$26.62/bbl in January to US$17.60/bbl in December. The annual average of US$20.61/bbl for 1997 was down 6.4% from 1996. The realization of increased available supply from both OPEC and non-OPEC producers, combined with fears of declining demand growth resulting from the Asian economic turmoil, caused the softening in world oil pricing.

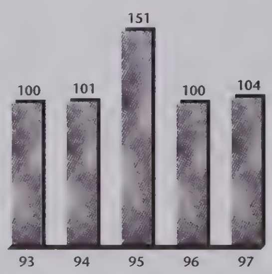
Heavy oil revenues suffered substantial reductions as the pricing differential between crude and light oil widened in the latter part of the year. Since only 8% of the Fund's budgeted revenue stream comes from heavy oil, the impact of lower heavy oil prices will be softened.

The Fund's produced crude oil and natural gas liquids are marketed to a diverse portfolio of intermediaries and end users. Enerplus received an average wellhead price of Cdn $22.19/bbl which marks a 9% decrease from prices received last year.

Petroleum & Natural Gas Reserves

Reserves and Future Net Revenues

During 1997, Enerplus replaced 157% of its production and 104% of its oil and natural gas reserves. The following tables reflect Enerplus' reserves of crude oil, natural gas and NGLs which have been evaluated by the Fund. Sproule Associates Limited, a firm of independent petroleum engineers, has audited 92.5% of the Fund's total reserves. All evaluations of future net production revenue set forth in the tables are stated without any provision for income taxes, general and administrative costs and management fees. Probable values are not reduced to account for risk. It should not be assumed that the discounted value of estimated future net revenue is representative of the fair market value of the estimated petroleum and natural gas reserves.



Reserves Replacement
(%)

Reserves Summary

	Crude Oil (Mbbl)	Natural Gas (MMcf)	NGLs (Mbbl)	BOE (MBOE)	NPV 12% ($thousands)
Total reserves as at December 31, 1996	18,131	102,538	2,938	31,323	$181,481
Proven	12,238	108,925	2,543	25,674	$145,529
Probable	5,610	12,861	133	7,029	24,976
Total reserves as at December 31, 1997	**17,848**	**121,786**	**2,676**	**32,703**	**$170,505**

Reserves Reconciliation

	Crude Oil (Mbbl)		Natural Gas (MMcf)		NGLs (Mbbl)		Total MBOE		Total MBOE Proven &
	Proven	Probable	Proven	Probable	Proven	Probable	Proven	Probable	Probable
Opening reserves									
as at December 31, 1996	13,006	5,125	93,892	8,646	2,794	144	25,189	6,134	31,323
Production	(1,175)	-	(9,809)	-	(256)	-	(2,412)	-	(2,412)
Acquisitions	501	345	28,731	4,448	139	-	3,513	790	4,303
Divestments	(1,002)	(90)	(14,433)	(28)	(317)	(2)	(2,762)	(95)	(2,857)
Drilling and development	881	(81)	9,421	(683)	106	(10)	1,929	(159)	1,770
Revisions	27	311	1,123	478	77	1	217	359	576
Year end reserves									
as at December 31, 1997	**12,238**	**5,610**	**108,925**	**12,861**	**2,543**	**133**	**25,674**	**7,029**	**32,703**

Present Worth of Production Revenue

As at December 31, 1997, Present Worth Discounted at ($thousands)	10%	**12%**
Proven producing	$ 142,877	**$ 130,332**
Proven non-producing	11,946	**10,501**
Total proven	154,823	**140,833**
Probable	27,915	**23,600**
Total reserves	182,738	**164,433**
ARTC	6,557	**6,072**
Total	$ 189,295	**$ 170,505**

Probable values are not reduced to account for risk.

Net Asset Value

At December 31, 1997, Enerplus' net asset value decreased by 16% to $4.12 per Unit, compared to $4.92 per Unit at year end 1996. The total reserves increase of 4% from 1996 was more than offset by declines in future price expectations contained in the reserve evaluation.

For the Year Ended December 31 ($thousands, except per Unit amounts)	1997	1996
Present value of crude oil and natural gas reserves discounted at 12 percent	**$170,505**	$181,481
Working capital	**(9,053)**	1,472
Site restoration reserve	**3,312**	2,728
Undeveloped acreage	**3,500**	3,500
Bank loan	**(20,100)**	(14,300)
Net asset value	**$148,164**	$174,881
Net asset value per Unit	**$4.12**	$4.92

Pricing Assumptions

To calculate the present value of future cash flow, the December 31, 1997 pricing assumptions of Sproule Associates Limited for crude oil and natural gas were used. These forecasts are adjusted for any reserve quality adjustments, transportation charges and the provisions of any applicable sales contracts.

	Crude Oil		Natural Gas	
Year	WTI (1) Cushing Oklahoma $US/bbl	Light Crude (2) Edmonton $Cdn/bbl	TCGS (3) Average Plant Gate Price $Cdn/MMbtu	$US/Cdn Exchange Rate
1998	20.52	27.23	1.79	0.73
1999	21.06	27.69	1.92	0.73
2000	21.61	28.43	2.02	0.73
2001	22.17	29.19	2.09	0.73
2002	22.76	29.97	2.18	0.73
Thereafter(4) 2.6% to 2017, 2.0% thereafter				

(1) West Texas Intermediate at Cushing, Oklahoma.

(2) Edmonton refinery postings for 40° API, 0.4% sulphur content crude.

(3) Average prices for long-term natural gas sales contracts by TransCanada Gas Services Limited ("TCGS").

(4) Average percentage escalations per year.

Environment and Safety

Enerplus continues to emphasize the importance of creating and maintaining a safe and environmentally sound operation. Our mandate in this area focuses on the following:

- **Proper training of field operators is integral to improved safety and environmental performance.**

  Enerplus continues to review and improve its Operator Training and Development Program to ensure that all operating staff receive the appropriate training to perform their jobs safely and efficiently. In addition, a Loss Control Council consisting of field operators has been formed to conduct operational reviews of operated sites, with a view to improved operator training and the sharing of ideas.

- **Continuous, thorough review of our operating procedures and policies are conducted by the field operations staff and management.**

  Enerplus field employees attend regular meetings to discuss operational issues and changes in regulations and company policies. As well, operating staff attend regional meetings each year which enable a larger forum for input from field personnel. Senior management participates directly in these regional meetings to ensure ideas are incorporated appropriately into policies and procedures.

- **Monitoring of and compliance with safety and environmental regulations.**

  Enerplus conducts annual audits or inspections on selected operated and non-operated properties using third party services to ensure environmental and safety standards are being maintained. In addition, Enerplus' Environment and Safety group conducts internal inspections of operated properties and this, combined with the Loss Control Council inspections, ensures that a broad spectrum of operated and non-operated sites are inspected yearly.

  Enerplus' Safety and Environment group continually monitors changes to regulations governing safety and environment to ensure that its operations adhere to industry standards.

  This group reviews all acquisitions to ensure that new properties carry no significant safety or environmental liabilities.

Management's Discussion & Analysis

1997 Financial Results

Revenues

Gross revenues were $50.5 million in 1997, a decrease of $5.1 million or 9% lower than 1996 due to decreased oil, NGLs and natural gas production that resulted from property dispositions and lower prices for oil and NGLs. The following table analyses the changes in gross revenues over the past year:

($millions)	Crude Oil & NGLs Revenues	Natural Gas Revenues	Sulphur Revenues	Total	Percent Change	Crude Oil & NGLs/ Gas Ratio
1996 revenues	$37.4	$18.1	$0.1	$55.6	+38%	67:33
Changes in 1997						
Volume variance	(2.7)	(2.7)	(0.2)	(5.6)		
Price variance	(2.9)	3.2	0.2	0.5		
	(5.6)	0.5	-	(5.1)		
1997 revenues	**$31.8**	**$18.6**	**$0.1**	**$50.5**	**-9%**	**63:37**

Expenses

The net royalty rate increased to 16% from 15% due to increased natural gas prices and an adjustment to other royalties from prior years.

Operating expenses decreased by $2.0 million to $15.1 million due to property divestments. On a BOE basis, operating expenses decreased by 1% to $6.26. As a result of these divestments, operating costs are expected to decline further in 1998 to below $6.10 per BOE.

General and administrative expenses decreased by $0.6 million to $2.1 million in 1997 which represents a 13% decline to $0.86 per BOE as a result of an increased focus on acquisition and development activities.

Management fees, which are based on a percentage of net property, plant and equipment, decreased by $0.1 million to $1.7 million in 1997 due to the decrease in net property, plant and equipment over 1996.

Interest expense on the bank loan declined by $0.1 million to $0.7 million due to a decrease in the average prime rate during the year. Interest paid to vendors on acquisitions between the effective and closing dates of transactions decreased by $0.1 million to $0.1 million.

Depletion, depreciation and amortization decreased by $1.5 million to $15.1 million in 1997 due to decreased oil, NGLs and natural gas production.

The charge for depletion, depreciation and amortization on a BOE basis increased by 1% to $6.26 per BOE as a result of slightly higher finding and acquisition costs.

Funds Flow from Operations and Net Income (Loss)

Funds flow from operations decreased by $1.8 million to $23.2 million in 1997 primarily due to property divestments, which reduced oil, NGLs and natural gas revenues.

Net income increased by $3.8 million to $12.0 million in 1997 due primarily to the increase in gain on sale of property, plant and equipment.

Cash Available for Distribution

($millions)	Crude Oil & NGLs Revenues	Natural Gas Revenues	Expenses	Total
1996 Cash available for distribution				$20.6
Changes in 1997:				
Volume variance	$ (2.3)	$ (2.2)	$ -	$ (4.5)
Price variance	-	4.2	-	4.2
Royalties, net of ARTC	-	-	(0.5)	(0.5)
Operating and other costs	-	-	1.7	1.7
Capital expenditures and site restoration reserve	-	-	0.3	0.3
	$ (2.3)	$ 2.0	$ 1.5	$ 1.2
1997 Cash available for distribution				**$21.8**

Cash available for distribution increased by 6% to $21.8 million ($0.61 per Unit) in 1997 from $20.6 million ($0.58 per Unit) in 1996.

Enerplus is structured so that all net operating cash receipts, less debt repayment related to capital expenditures and site restoration reserve contributions, are paid to Trust Unitholders by way of cash distributions.

Beginning in March of 1996, monthly payments were paid to Unitholders on the 15th day of each month, with an adjustment included at each quarter end.

Income Taxes

The Fund is required to file an income tax return every year. Any net taxable income in the Fund is allocated to Trust Unitholders. In 1997, $0.2557 per Unit of the total 1997 cash distribution was taxable as compared to 1996 when $0.112 per Unit of the total cash distribution was taxable. Based on income tax deductions available in the Fund at December 31, 1997, Enerplus expects the taxable portion of the Fund's cash distribution to decrease in 1998.

The Fund qualifies as a mutual fund trust under the Canadian Income Tax Act and, accordingly, Units of the Fund are qualified investments for RRSPs, RRIFs and DPSPs.

The following is a general summary of the income tax consequences to a Unitholder who is a Canadian resident and holds the Units as a capital property:

- When the Fund has taxable income in any specific year, each Unitholder is required to include, in computing income, the Unitholder's pro-rata share of the amount that would be the taxable income of the Fund whether or not the amount was actually paid to the Unitholder in that year. Income of a Unitholder is considered income from property and not resource revenue.
- An investor's adjusted cost base ("ACB") in a Trust Unit equals the purchase price of the Unit less any non-taxable cash distributions received from the date of acquisition. To the extent a Unitholder's ACB in a Trust Unit is reduced below zero, such amount will be deemed to be a capital gain to the Unitholder and the Unitholder's ACB in the Trust Unit will be brought to $Nil. In general, Unitholders will have a capital gain or a capital loss upon disposition of the Units.

The following table represents the taxable portion of cash distributions per Trust Unit:

Record date [1]	Payment date [2]	1997	1996
December 31	January 15	**$0.0131**	$ -
January 31	February 15	**0.0382**	0.0236
February 28	March 15	**0.0131**	0.0062
March 31	April 15	**0.0131**	0.0062
April 30	May 15	**0.0383**	0.0117
June 1	June 15	**0.0131**	0.0062
July 1	July 15	**0.0132**	0.0062
August 1	August 15	**0.0385**	0.0166
September 1	September 15	**0.0132**	0.0062
October 1	October 15	**0.0132**	0.0062
November 1	November 15	**0.0345**	0.0167
December 1	December 15	**0.0142**	0.0062
Total taxable amount		**$0.2557**	$0.1120

[1] Prior to June 1, 1997, the Record Date was the last day of the previous month before a distribution

[2] Prior to March 15, 1996, the Payment Date was the 10th day of the month

Liquidity and Capital Resources

At December 31, the Company's capital structure was as follows:

	1997		1996	
($millions)	Amount	%	Amount	%
Trust Unit equity, at cost	$ 80.1	80	$ 88.8	86
Bank loan	20.1	20	14.3	14
Total	$100.2	100	$103.1	100

As at December 31, 1997, the Fund had an unused line of credit of $19.9 million.

Capital Expenditure Funding

The ongoing capital expenditures of Enerplus are financed through new issues of Fund equity, bank borrowing and funds flow from operations.

Loan principal payments and interest are allowable deductions from cash distributions to Unitholders. During 1997, $0.3 million was deducted from cash distributions for bank loan payments related to capital expenditures.

During 1997, acquisitions and capital expenditures amounted to $31.0 million, of which $21.2 million was used to acquire properties and facilities, $4.4 million was applied to drilling and well stimulation and $5.4 million incurred for facility construction and upgrading. These expenditures were financed through property sales amounting to $13.3 million and additional bank borrowings and working capital.

Site Restoration Reserve

In 1991, a Site Restoration Reserve was implemented to ensure that adequate funds are available for reclamation and abandonment costs related to wells, plants and facilities. Reclamation is undertaken on an ongoing basis and audits of producing properties are performed regularly by independent environment and safety consultants.

The funding requirements for the Site Restoration Reserve are reviewed annually. Amounts set aside are based on Management's best estimate of the timing and total amount of future site restoration costs, projected interest rates and levels of inflation, with consideration given to current safety and environmental legislation. The contribution for 1997 was $1.1 million ($0.029 per Unit) compared to $1.0 million ($0.028 per Unit) for 1996.

Year 2000

Enerplus has implemented a plan to resolve its issues associated with the "Year 2000 Computer Problem" and is expending resources to ensure that proper due diligence is conducted. The Fund expects to incur internal staff costs as well as consulting and other expenses related to infrastructure and facility enhancements necessary to prepare the systems for the year 2000. The Enerplus Year 2000 Task Force is anticipating that all system corrections will be completed by early 1999, allowing adequate time for testing. The Fund continues to evaluate appropriate courses of corrective action, including replacement of certain systems for which costs would be capitalized and amortized over an appropriate period of time. Accordingly, the Fund does not expect the amounts that will be expensed over the next three years to have a material effect on its financial position or the funds flow from operations.

Business Risks

Certain risks are associated with the finding, development, production and marketing of oil and gas products. In addition, the oil and gas industry is subject to federal and provincial government regulation.

Commodity pricing is another risk faced by energy companies such as Enerplus. Management may forward sell crude oil and natural gas under certain circumstances in order to mitigate price risk. As of December 31, 1997, no products were hedged for 1998 or future years.

While Enerplus has no control over commodity pricing and changes in legislation, including changes to the ARTC, the Fund has developed several strategies to mitigate these risks. For example, new property acquisitions must meet the following guidelines:

- Evaluated by independent engineers where the purchase price exceeds $5 million;
- Purchase price on a single transaction not to exceed present worth of estimated future net cash flow using a discount rate equal to the lesser of:
    - twice the yield on 10 year Government of Canada bonds, and
    - the yield on 10 year Government of Canada bonds plus 4% after deducting general and administrative expenses and incorporating the impact of debt financing, but before income taxes;
- Not more than 25% of the value of all oil and natural gas properties to be attributable to a single pool;
- Not more than 75% of the value of all oil and natural gas properties to be attributable to natural gas;
- Such other guidelines as approved by the Board of Directors of the Fund.

Furthermore, the following strategies also help mitigate risk:

- Farm out exploratory or other high-risk drilling prospects;
- Participate in low risk development activities;
- Use reliable suppliers;
- Monitor pipeline and market conditions closely;
- Market products to a diverse range of buyers;
- Meet or exceed industry standards for liability insurance and purchase business interruption insurance for selected facilities where available;
- Keep abreast of current affairs to act quickly and proactively where possible; and
- Use the latest technology to improve all facets of business processes.

Financial Statements

Management's Responsibility

Management is responsible for the preparation of the combined financial statements for Enerplus Resources Fund and for the consistency therewith of all other financial and operating data presented in this annual report.

Management maintains a system of internal controls to provide reasonable assurance that all assets are safeguarded and to facilitate the preparation of relevant, reliable and timely information.

External auditors, appointed by the Fund's Unitholders, have examined the combined financial statements of the Fund. The Audit Committee, consisting of external Directors of the Fund, has reviewed these statements with Management and the auditors and has recommended their approval to the Board of Directors. The Board has approved the combined financial statements of the Fund.

Marcel J. Tremblay
President and Chief Executive Officer

Kelly I. Drader
Senior Vice President

Auditors' Report

To the Unitholders of Enerplus Resources Fund:

We have audited the combined balance sheet of Enerplus Resources Fund as at December 31, 1997, 1996 and 1995 and the combined statements of income (loss), accumulated income (loss), accumulated cash distributions and changes in financial position for each of the years in the three year period ended December 31, 1997. These financial statements are the responsibility of the Fund's Management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation.

In our opinion, these combined financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 1997, 1996 and 1995 and the results of its operations and the changes in its financial position for each of the years in the three year period ended December 31, 1997 in accordance with generally accepted accounting principles.

Calgary, Alberta,
February 27, 1998.

Arthur Andersen & Co.
Chartered Accountants

Enerplus Resources Fund

Combined Balance Sheet

As at December 31 ($thousands)	1997	1996	1995
Assets			
Current assets			
Cash and short-term investments	$ -	$ 1,596	$ 11,187
Accounts receivable	8,921	12,355	10,246
	8,921	13,951	21,433
Site restoration reserve (*Note 2*)	3,312	2,728	2,150
Property, plant and equipment (*Note 3 and Note 8*)	212,828	199,749	191,115
Accumulated depletion and depreciation	(99,700)	(94,146)	(81,013)
	113,128	105,603	110,102
	$125,361	$ 122,282	$ 133,685
Liabilities and equity			
Current liabilities			
Bank indebtedness	$ 647	$ -	$ -
Accounts payable	16,006	10,876	17,954
Payable to related company (*Note 8*)	1,321	1,603	1,187
	17,974	12,479	19,141
Bank loan (*Note 3*)	20,100	14,300	9,200
Accumulated site restoration	7,197	6,696	5,301
	45,271	33,475	33,642
Equity			
Capital			
Share capital *(Note 4)*	-	-	-
Capital contributions *(Note 5)*	218,384	216,524	215,538
Accumulated income (loss)	17,620	5,637	(2,548)
Accumulated cash distributions	(155,914)	(133,354)	(112,947)
	80,090	88,807	100,043
	$125,361	$ 122,282	$ 133,685

Signed on behalf of the Board:

Marcel J. Tremblay
Director

Jean-Guy Lambert
Director

Combined Statement of Income (Loss)

For The Year Ended December 31 ($thousands)	1997	1996	1995
Revenues			
Oil and gas sales	$ 50,451	$ 55,630	$ 40,258
Crown royalties	(7,154)	(6,950)	(4,597)
Alberta Royalty Tax Credit	1,719	1,469	1,223
Freehold and other royalties	(2,628)	(2,722)	(1,810)
	42,388	47,427	35,074
Interest income	448	229	482
	42,836	47,656	35,556
Expenses			
Operating	15,098	17,124	13,972
General and administrative	2,087	2,674	2,559
Management fee (*Note 8*)	1,718	1,787	1,398
Interest	780	1,027	1,862
Depletion, depreciation and amortization	15,108	16,637	14,991
Loss (gain) on sale of property, plant and equipment	(3,938)	222	1,400
	30,853	39,471	36,182
Net income (loss)	$ 11,983	$ 8,185	$ (626)

Combined Statement of Accumulated Income (Loss)

As at December 31 ($thousands)	1997	1996	1995
Accumulated income (loss), beginning of year	$ 5,637	$ (2,548)	$ (1,922)
Net income (loss)	11,983	8,185	(626)
Accumulated income (loss), end of year	$ 17,620	$ 5,637	$ (2,548)

Combined Statement of Accumulated Cash Distributions

As at December 31 ($thousands)	1997	1996	1995
Accumulated cash distributions, beginning of year	$(133,354)	$ (112,947)	$ (99,027)
Cash distributions	(22,560)	(20,407)	(13,920)
Accumulated cash distributions, end of year	$(155,914)	$ (133,354)	$ (112,947)

Enerplus Resources Fund

Combined Statement of Changes in Financial Position

For The Year Ended December 31 ($thousands)	1997	1996	1995
Operating activities			
Net income (loss)	$ 11,983	$ 8,185	$ (626)
Depletion, depreciation and amortization	15,108	16,637	14,991
Loss (gain) on sale of property, plant and equipment	(3,938)	222	1,400
Funds flow from operations	23,153	25,044	15,765
Decrease (increase) in non-cash working capital	2,796	466	(1,568)
	25,949	25,510	14,197
Financing activities			
Issue of Trust Units	1,860	986	39,165
Cash distributions to Unitholders	(22,560)	(20,407)	(13,920)
Proceeds (payments) of bank loan, net	5,800	5,100	(200)
	(14,900)	(14,321)	25,045
Investing activities			
Purchase of property, plant and equipment	(31,055)	(13,034)	(47,521)
Decrease (increase) in non-cash investing working capital	5,486	(9,237)	11,805
Proceeds on sale of property, plant and equipment	13,333	2,480	7,749
Site restoration reserve contributions, net	(584)	(578)	(800)
Site restoration costs	(472)	(411)	(138)
	(13,292)	(20,780)	(28,905)
Increase (decrease) in cash and short-term investments, net of bank indebtedness	(2,243)	(9,591)	10,337
Cash and short-term investments, beginning of year	1,596	11,187	850
Cash and short-term investments, net of bank indebtedness, end of year	$ (647)	$ 1,596	$ 11,187

Notes to Combined Financial Statements

December 31, 1997, 1996 and 1995 (tabular amounts shown in $thousands and thousands of Units)

1. Summary of Significant Accounting Policies

The Management of Enerplus Resources Fund (the "Fund"), prepares its financial statements following accounting policies generally accepted in Canada. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The following significant accounting policies are presented to assist the reader in evaluating these combined financial statements and, together with the following notes, should be considered an integral part of the combined financial statements.

(a) Organization and Basis of Accounting

The Fund's financial statements include the accounts of the Fund and the accounts of Enerplus Resources Corporation ("Enerplus") and Enerplus Petroleum Royalty Units, Series G on a combined basis. All inter-entity transactions have been eliminated.

The Fund is, in effect, a closed-end investment trust created under the laws of the Province of Alberta, pursuant to a series of Trust Indentures between Enerplus and The Trust Company of Bank of Montreal as Trustee. The beneficiaries of the Fund are the holders of the Trust Units (the "Unitholders"). Operations consist of acquiring and holding, as the Fund's sole assets, Enerplus Petroleum Royalty Units, Series G.

Enerplus acquires oil and gas properties for its own account, and sells a royalty in the form of Petroleum Royalty Units to the Fund. The royalty interests in producing oil and gas properties acquired from Enerplus effectively transfer 99% of the economic interest in the properties acquired by Enerplus to the Unitholders. The Petroleum Royalty Units constitute a security interest in the oil and gas properties owned by Enerplus but do not confer ownership in the underlying resource properties. The security interest provides the Unitholders priority in the case of subsequent encumbrances or purchases. Enerplus manages the oil and gas properties and distributes the royalties to the Unitholders.

(b) Property, Plant and Equipment

The Fund follows the successful efforts method of accounting. All costs of acquiring oil and gas properties and exploratory drilling costs for successful wells are capitalized. The cost of exploratory wells found to be dry and all other exploratory costs are expensed. All costs of development are capitalized.

Gains and losses are recognized in income during the year in which oil and gas properties are sold.

(c) Depletion, Depreciation and Amortization

The provisions for depletion and depreciation of property, plant and equipment and amortization of estimated site restoration are calculated using the unit of production method for each individual field based on proven reserves. Reserves and site restoration costs are estimated by qualified petroleum engineers employed by Enerplus Energy Services Ltd. ("Services"). Reserves are converted to equivalent units on the basis of approximate relative energy content. Actual site restoration costs are charged against accumulated site restoration as incurred. Property, plant and equipment is periodically evaluated and, if conditions warrant, an impairment reserve is provided.

(d) Joint Venture

The Fund conducts substantially all of its oil and gas production activities on a joint venture basis and the accounts reflect the Fund's proportionate interest in such activities.

(e) Cash Available for Distribution

Cash available for distribution is calculated on a cash received basis and is paid monthly to the Unitholders. A reconciliation of cash available for distribution with funds flow from operations is presented in *Note 6*.

(f) Income Taxes

The Fund is an *inter vivos* trust for income tax purposes. As such, the Fund is taxable on any taxable income which is not allocated to the Unitholders. No accounting for deferred income taxes is provided in these combined financial statements as all taxable income has been allocated to the Unitholders (see *Note 7*).

Periodically, current taxes may be incurred by Enerplus depending upon the timing of income tax deductions. Should these taxes prove to be unrecoverable they will be deducted from cash distributions in accordance with the Royalty Agreement.

(g) Financial Instruments

The Fund's financial instruments that are included in the balance sheet are comprised of accounts receivable, current liabilities and long-term debt.

(i) Fair values of financial assets and liabilities: The fair values of financial instruments that are included in the balance sheet, including long-term debt, approximate their carrying amount due to the short-term maturity of those instruments and the floating prime rate applied to long-term debt.

(ii) Credit risk: Virtually all of the Fund's accounts receivable are with customers in the oil and gas industry and are subject to normal industry credit risks.

(iii) Derivative instruments: As at each financial statement date, no products were hedged for future years.

2. Site Restoration Reserve

Effective January 1, 1991, a site restoration reserve (the "reserve") was established by the Fund to finance future site restoration and abandonment costs. Contributions to the reserve have been deducted from cash distributions to the Unitholders (see *Note 6*).

	1997	1996	1995
Site restoration reserve, beginning of year	**$ 2,728**	$ 2,150	$ 1,350
Contributions from cash distributions	**1,056**	989	938
Payments for site restoration	**(472)**	(411)	(138)
Site restoration reserve, end of year	**$ 3,312**	$ 2,728	$ 2,150

3. Bank Loan

(a) Crédit Lyonnais Canada

The loan is comprised of a revolving credit facility to a maximum of $40 million and may be converted to a 4 year term loan on or before December 31 of each year. Upon conversion to a term loan, 16 equal quarterly payments are required commencing 3 months following the date of conversion.

The loan bears interest at bank prime (6.0% at December 31, 1997) until such time as the loan is converted from a revolving loan to a term loan. Interest on the bank loan amounted to $669,000 in 1997 (1996 - $813,000,1995 - $1,199,000). During the term period the loan will bear interest at bank prime plus 3/4 of 1%. The security for the loan is an assignment and a negative pledge on specific oil and gas properties.

(b) Unitholders' Obligation

The loan is the legal obligation of Enerplus. The Unitholders have no direct liability to Enerplus should the properties securing this debt generate insufficient revenue to repay this loan. The payment of the principal and interest are allowable deductions in the calculation of the royalty available for distribution to the Unitholders.

4. Share Capital

The five outstanding shares ($5) of Enerplus at December 31, 1997, 1996 and 1995 are owned by Services. The Unitholders are entitled to vote at any meeting of the Fund, and Services will refrain from exercising its rights as sole shareholder except in respect of the election of the one director which it is entitled to elect.

5. Capital Contributions

(a) Unitholders' Capital

Authorized: Unlimited Enerplus Resources Fund Trust Units, Series G

Issued:	1997		1996		1995	
	Units	**Amount**	Units	Amount	Units	Amount
Beginning of year	**35,499**	**$216,524**	35,299	$ 215,538	25,757	$ 176,373
Issued for cash	**-**	**-**	-	-	9,500	38,988
Issued pursuant to Distribution Reinvestment Plan	**342**	**1,505**	154	750	42	177
Issued pursuant to Employee Unit Purchase Plan	**81**	**351**	-	-	-	-
Issued pursuant to Trust Unit Option Plan	**1**	**4**	46	236	-	-
End of year	**35,923**	**$218,384**	35,499	$ 216,524	35,299	$ 215,538

The Fund issued 9.5 million Trust Units at $4.35 per Unit on October 24, 1995. The costs of the issue amounted to $2,337,000.

Pursuant to a Distribution Reinvestment and Unit Purchase Plan, Unitholders are entitled to reinvest cash distributions in additional Units of the Fund. Unitholders are also entitled to make optional cash payments, up to a maximum of the greater of the distribution received or $5,000 per month to purchase Units of the Fund. Units are issued at a discount of 5% below the Average Market Price ("AMP") on the Toronto Stock Exchange for the 20 trading days preceding a distribution payment date.

Pursuant to the Employee Unit Purchase Program, Enerplus may contribute additional Units of the Fund in an amount equal to the aggregate of Services' employee contributions, up to a maximum of 8% of each individual employee's annual salary. The Units will be issued at a discount of 5% below the AMP.

(b) Unit Options

Pursuant to the Trust Unit Option Plan, at December 31, 1997, options granted and outstanding are exercisable on 2,003,366 Trust Units (1996 - 1,490,182). These options were held by directors, officers and consultants of the Fund or its affiliates and related parties involved in the management of the Fund. The options are exercisable at prices ranging from $3.80 to $5.25 and expire at various dates to December 31, 2000.

6. Reconciliation of Cash Available for Distribution

	1997	1996	1995
Funds flow from operations	**$23,153**	$ 25,044	$ 15,765
Add (deduct)			
Debt repayments related to capital expenditures	**(250)**	(600)	-
Site restoration reserve contributions, net	**(1,056)**	(989)	(938)
Prior year accruals	**4,797**	1,990	2,144
Current year accruals	**(4,832)**	(4,797)	(1,990)
Cash available for distribution	**$ 21,812**	$ 20,648	$ 14,981

Cash available for distribution per Unit was paid to Unitholders as follows:

		1997		1996		1995
For the period ended	Payment Date	**Monthly Payment**	**Quarterly Total**	Monthly Payment	Quarterly Total	Quarterly Payment
January 31	March 15	**$0.0325**	**$ -**	$0.0325	$ -	$ -
February 28	April 15	**0.0325**	**-**	0.0325	-	-
March 31	May 15	**0.0950**	**0.1600**	0.0580	0.1230	0.1233
April 30	June 15	**0.0325**	**-**	0.0325	-	-
May 31	July 15	**0.0325**	**-**	0.0325	-	-
June 30	August 15	**0.0950**	**0.1600**	0.0850	0.1500	0.1201
July 31	September 15	**0.0325**	**-**	0.0325	-	-
August 31	October 15	**0.0325**	**-**	0.0325	-	-
September 30	November 15	**0.0850**	**0.1500**	0.0850	0.1500	0.1252
October 31	December 15	**0.0350**	**-**	0.0325	-	-
November 30	January 15, 1998	**0.0350**	**-**	0.0325	-	-
December 31	February 15, 1998	**0.0700**	**0.1400**	0.0950	0.1600	0.1216
Cash available for distribution per Unit		**$0.6100**	**$ 0.6100**	$0.5830	$0.5830	$0.4902

Effective March 15, 1996, cash distributions commenced on a monthly basis on the 15th day of each month to Unitholders of record on the last day of the month immediately preceding the cash distribution payment date.

Beginning June 15, 1997, the Fund's monthly record date changed to the first day of the month.

Cash available for distribution is comprised of amounts received during the year.

7. Income Taxes

During 1997, the Fund had taxable income of $9,093,000 or $0.2557 per Unit, which was allocated to the Unitholders. During 1996, taxable income was $3,953,000 or $0.112 per Unit, and in 1995 the Fund had no taxable income.

Taxable income of the Fund is comprised of income from Petroleum Royalty Units less deductions for Canadian oil and gas property expense (COGPE), which is claimed at a rate of 10% on a declining balance basis. Any losses which occur in the Fund must be retained in the Fund and may be carried forward and deducted from taxable income for a period of seven years.

The amount of COGPE , issue costs and losses carried forward remaining in the Fund are as follows:

	1997		1996		1995	
	Per Unit[1]	**Amount**	Per Unit[1]	Amount	Per Unit[1]	Amount
COGPE	**$2.87**	**$103,130**	$3.18	$112,730	$3.20	$113,087
Issue costs	**0.03**	**949**	0.04	1,421	0.06	1,870
Losses carried forward	-	-	-	-	0.08	2,906
Total	**$2.90**	**$104,079**	$3.22	$114,151	$3.34	$117,863

[1] Per Unit amount for 1997 is based on the actual number of Trust Units outstanding at year end of 35,923,000 Units (1996 - 35,499,000 Units, 1995 - 35,299,000 Units).

8. Related Party Transactions

(a) An agreement (the "Management Agreement") has been entered into with Services to provide management, advisory and administration services. In addition to the fees reported on the Statement of Income (Loss), Services received initial fees of $328,000 (1996 - $92,000, 1995 - $623,000), as compensation for arranging the purchase of properties. These amounts are included in the cost of property, plant and equipment.

(b) During 1995, the Fund acquired properties on commercial terms from a company in which a director and an officer is also a director of Enerplus. The Fund exchanged properties valued at $2.9 million and cash of $1.1 million for properties valued at $4.0 million. These acquired properties were then immediately sold to an arm's-length third party.

Five Year Detailed Statistical Review

($thousands, except per Unit amounts)	1997	1996	1995	1994	1993
Financial					
Gross oil and gas sales	**$ 50,451**	$ 55,630	$ 40,258	$ 39,620	$ 36,667
Funds flow from operations	**$ 23,153**	$ 25,044	$ 15,765	$ 16,556	$ 14,972
Per Unit	**$ 0.65**	$ 0.71	$ 0.52	$ 0.64	$ 0.65
Net income (loss)	**$ 11,983**	$ 8,185	$ (626)	$ 1,813	$ (830)
Per Unit	**$ 0.34**	$ 0.23	$ (0.02)	$ 0.07	$ (0.04)
Capital expenditures (net)	**$ 17,722**	$ 10,554	$ 39,772	$ 9,197	$ 4,167
Total assets	**$ 125,361**	$ 122,282	$ 133,685	$ 96,259	$ 101,094
Net bank loan	**$ 25,841**	$ 10,100	$ 4,758	$ 5,858	$ (1,367)
Net bank loan to funds flow ratio	**1.1x**	0.4x	0.3x	0.4x	-
Market value per Unit					
High	**$ 5.50**	$ 5.88	$ 5.50	$ 5.00	$ 4.20
Low	**$ 3.40**	$ 4.75	$ 3.55	$ 3.70	$ 2.25
Close	**$ 3.90**	$ 5.35	$ 5.38	$ 4.50	$ 3.85
Volume (000 units)	**12,692**	16,160	9,903	4,252	5,097

Cash available for distribution					
Funds flow from operations	**$ 23,153**	$ 25,044	$ 15,765	$ 16,556	$ 14,972
Debt repayments related to capital expenditures	**(250)**	(600)	-	(1,400)	-
Site restoration reserve	**(1,056)**	(989)	(938)	(882)	(560)
Prior year accruals	**4,797**	1,990	2,144	2,141	1,805
Current year accruals	**(4,832)**	(4,797)	(1,990)	(2,144)	(2,141)
Cash available for distribution	**$ 21,812**	$ 20,648	$ 14,981	$ 14,271	$ 14,076
Cash available for distribution per Unit	**$ 0.6100**	$ 0.5830	$ 0.4902	$ 0.5217	$ 0.6295
Average Units outstanding (000s)	**35,757.4**	35,416.8	30,562.5	25,742.0	22,938.8

Five Year Detailed Statistical Review

($thousands, except per Unit amounts)	**1997**	1996	1995	1994	1993
Oil and gas economics					
($ per BOE except percentage data)					
Gross royalty rate	**19%**	18%	16%	18%	18%
Alberta Royalty Tax Credit	**(3%)**	(3%)	(3%)	(3%)	(3%)
Net royalty rate	**16%**	15%	13%	15%	15%
Weighted average selling price	**$ 20.91**	$ 20.64	$ 17.33	$ 19.00	$ 17.79
Net royalty expense	**3.34**	3.04	2.23	2.77	2.64
Operating expense	**6.26**	6.35	6.01	6.20	5.62
Cash netback	**11.31**	11.25	9.09	10.03	9.53
General and administrative expense	**0.86**	0.99	1.10	1.25	1.11
Management fee	**0.71**	0.66	0.61	0.70	0.79
Profit margin	**$ 9.74**	$ 9.60	$ 7.38	$ 8.08	$ 7.63
Operating					
Production					
Crude oil and NGL (Mbbl)	**1,431**	1,542	1,337	1,128	1,094
Per day (bbl)	**3,921**	4,212	3,663	3,090	2,999
Average selling price (bbl)	**$ 22.19**	$ 24.26	$ 19.80	$ 18.17	$ 17.99
Natural gas (MMcf)	**9,809**	11,532	9,867	9,574	9,660
Per day (Mcf)	**26,873**	31,509	27,032	26,230	26,467
Average selling price (Mcf)	**$ 1.90**	$ 1.57	$ 1.38	$ 1.97	$ 1.75
MBOE	**2,412**	2,695	2,324	2,085	2,060
Per day (BOE)	**6,608**	7,363	6,366	5,713	5,646
Reserves (proven and probable)					
Crude oil and NGL (Mbbl)	**20,524**	21,069	19,747	11,142	10,929
Natural gas (MMcf)	**121,786**	102,538	114,543	95,803	96,830
MBOE	**32,703**	31,323	31,201	20,722	20,612
Reserve Life Index (years) [1]					
Crude oil and NGL	**14**	15	13	8	10
Natural gas	**11**	10	10	10	10
BOE	**13**	12	12	9	10

[1] Year-end proven and probable reserves divided by volumes contained in the proven, producing reserve study.

Distribution Reinvestment and Unit Purchase Plan

Enerplus Resources Fund has a convenient method of reinvesting cash distributions or investing additional funds into new Trust Units. Residents of Canada who hold a minimum of 100 Trust Units, are eligible to participate in the Plan.

Features of the Plan include:

- New Units are purchased monthly at a 5% discount with reinvested distributions;
- Optional cash payments of up to $5,000 monthly may be made to purchase new units at the same 5% discount regardless of whether monthly distributions are being reinvested;
- No service charges or brokerage fees are incurred by Unitholders and all administrative costs of the Plan are borne by the Fund;
- Participants will receive regular statements regarding their purchases.

If your units are held for you by your broker, investment dealer or other financial intermediary, you must direct that company to complete the necessary authorization forms.

You can make an optional cash payment when enrolling in the Plan by enclosing a cheque or money order payable to "The Trust Company of Bank of Montreal" with the completed authorization form.

Enerplus Internet Site

Enerplus Resources Fund launched a comprehensive website in 1997 to provide investors with an immediate source of all public information. The following documents are available at **www.enerplus.com**:

Annual Reports
Tax Information
Recent Presentations
Historical Distribution Tables
Fact Sheets
News Releases
15 Minute Delayed Stock Quote
Distribution Reinvestment and Unit Purchase Plan

For more information and/or enrolment forms, please contact the Investor Relations Department at 1-800-319-6462, in Calgary at (403) 298-2200, by fax at (403) 298-2211 or by email: investorrelations@enerplus.com

Corporate Information

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Calgary, Alberta

Bankers

The Bank of Nova Scotia
Calgary, Alberta

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Calgary, Alberta

Trustee and Transfer Agent

The Trust Company of
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Calgary, Alberta

Stock Exchange Listings

The Toronto Stock Exchange
Montreal Exchange

Trading Symbol

Trust Units: ERF.G

Officers

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Christina S. Meeuwsen
Corporate Secretary

* Effective March 15, 1998

Abbreviations

ARTC	= Alberta Royalty Tax Credit
bbl(s)	= barrel(s)
bbl(s)/d	= barrel(s) per day
Bcf	= billion cubic feet
BOE	= barrel of oil equivalent (10 Mcf gas = 1 bbl crude oil)
BOE/d	= barrel of oil equivalent per day
Mbbl	= thousand barrels
MBOE	= thousand barrels of oil equivalent
Mcf	= thousand cubic feet
Mcf/d	= thousand cubic feet per day
MMbbl	= million barrels
MMbtu	= million British thermal units
MMcf	= million cubic feet
MMcf/d	= million cubic feet per day
NGLs	= natural gas liquids
NPV	= net present value
NYMEX	= New York Mercantile Exchange
TSE	= The Toronto Stock Exchange
WTI	= West Texas Intermediate at Cushing, OK.

Publié également en français: veuillez vous addresser à Enerplus, Directeur, Expansion de la Société, à 1-800-319-6462.

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